

Message Text

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ORIGIN EB-08

INFO OCT-01 EUR-12 EA-10 ISO-00 L-03 OMB-01 TRSE-00
COME-00 AF-10 ARA-10 NEA-10 DODE-00 INT-05 GSA-02
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DRAFTED BY EB/ISM:WCLENAHAN

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OMB

TREAS:PBELFORD

COMM:WSUGG

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FM SECSTATE WASHDC

TO AMEMBASSY LONDON IMMEDIATE

INFO AMEMBASSY TOKYO IMMEDIATE

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FOR GEORGE THIGPEN

E.O. 11652:N/A

TAGS:EMIN, ITC

SUBJECT:TIN:US CONTRIBUTION TO THE BUFFER STOCK

REF: A) LONDON 13700, B) NAIROBI 1053

1. WE FAVOR VALUATION OF THE US CONTRIBUTION ALONG THE
LINES OF PARA 6 (A) OF REFTEL A. HOWEVER, WE SEE NO NEED
TO ASCRIBE A NOTATIONAL VALUE TO THE TIN METAL CONTRIBUTION
PREFERRING RATHER THAT THE ITC CERTIFY THE RECEIPT OF THE
TIN METAL WITH ITS VALUE TO BE DETERMINED ON THE BASIS OF
THE TIN METALS' SELLING PRICE(S) WHEN THE METAL IS SOLD.

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THIS WOULD WORK ON THE PRESUMPTION THAT THE BUFFER STOCK
MANAGER (BSM) WOULD SELL THE US CONTRIBUTED TIN BEFORE IT
SOLD OTHER TIN, IF ANY, IN THE BUFFER STOCK.

2. THUS, FOR EXAMPLE, IF THE US MADE AN ORIGINAL
CONTRIBUTION OF 41000MT OF TIN METAL AND THE BSM SOLD IT
IN THREE SUCCESSIVE TRANCHES OF 1,366.7MT EACH AT MARKET

PRICES OF 5.10 DOLLARS, 5.00 DOLLARS AND 4.90 DOLLARS PER POUND, THEN THE US WOULD BE CREDITED WITH THE PROCEEDS OF THE CASH SALES WHICH IN THIS EXAMPLE WOULD AMOUNT TO US DOLLARS 45,194,300. THIS WOULD BE APPROXIMATELY EQUAL TO 5,4400 MT OF TIN METAL AT THE CURRENT FLOOR PRICE OF M DOLLARS 1,200 PER PIKUL.

3. WE BELIEVE THAT SUCH A VALUATION PROCEDURE IS ACCEPTABLE UNDER ARTICLES 22(A) AND 25(B) OF THE AGREEMENT.

4. WE HAVE NOTED THAT THE SECRETARIAT'S PAPER PRESUMES THAT THE US CONTRIBUTION WOULD BE BASED ON THE US SHARE OF IMPORTS RATHER THAN ITS SHARE OF VOTES. YOU MAY ADVISE THE SECRETARIAT THAT, SUBJECT TO CONGRESSIONAL APPROVAL, THE ADMINISTRATION INTENDS TO BASE ITS CONTRIBUTION ON THE NUMBER OF US VOTES AS DETERMINED BY THE FIRST SESSION OF THE ITC AFTER THE AGREEMENT BECAME DEFINITIVE. ON THAT BASIS, THE US CONTRIBUTION WOULD BE 5,440MT OF TIN METAL, WHICH AS NOTED ABOVE, WOULD BE DISCOUNTED TO REFLECT THE MARKET VALUE OF THE TIN METAL CONTRIBUTED.

5. WE HAVE NOTED THAT OTHER CONSUMERS THAT HAVE CONTRIBUTED TO THE BUFFER STOCK HAVE STIPULATED IN THEIR AGREEMENTS WITH THE COUNCIL THAT THE TIN WARRANTS DERIVING FROM THEIR CONTRIBUTIONS MAY BE LODGED AS COLLATERAL IN THE SAME MANNER AS WARRANTS DERIVING FROM PRODUCER CONTRIBUTIONS LIMITED OFFICIAL USE

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WE DO NOT SEE THE NECESSITY FOR THIS STIPULATION SINCE WE BELIEVE THE BSM ALREADY HAS THE AUTHORITY TO LODGE BOTH PRODUCER AND CONSUMER WARRANTS AS COLLATERAL, BUT ARE PREPARED TO GO ALONG WITH A SIMILAR STIPULATION IF DESIRED BY THE BUFFER FINANCE COMMITTEE.

6. WE FURTHER NOTE THAT DENMARK HAS ALSO STIPULATED THAT IT WILL NOT REQUEST THE REFUND OF ITS CONTRIBUTION, BUT WILL LEAVE IT IN THE BUFFER STOCK UNTIL THE TERMINATION OF THE AGREEMENT. THE US IS NOT REPEAT NOT PREPARED TO ACCEPT SUCH A STIPULATION. VANCE

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Control Number: n/a
Copy: SINGLE
Sent Date: 07-Sep-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Enclosure: n/a
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